

ARTICLE APPEARED
ON PAGE D-12

WASHINGTON POST
18 MARCH 1983

JACK ANDERSON

Second Pipeline Finds U.S. Allies Selling to Soviets

The Kremlin has cooked up another gas project that is giving the White House a severe case of heartburn. Here's the story:

Once again, our western allies are engaged in an unseemly scramble to sell the Soviets equipment for still another natural gas pipeline, on very favorable credit terms. French, West German and Canadian firms are eagerly trying to grab a lucrative share of the Astrakhan natural gas project in southeastern Russia.

The Reagan administration is furious at what it considers another betrayal by western businessmen and the allied governments that are encouraging them to do business with the Kremlin. But the White House is too embarrassed to make its displeasure public.

The reason is simple: President Reagan lifted sanctions on firms that sold technology to the Soviets for their Siberia-to-Europe pipeline, he said, because the United States and its western allies had reached "substantial agreement" on an overall economic strategy toward the Soviet bloc. Reagan even called it "a victory for the allies."

But the Astrakhan pipeline negotiations make it clear that Reagan got no real commitments from the allies for lifting the Siberian pipeline sanctions. He received nothing in return for backing down.

The White House is painfully aware that it was hoodwinked last year. Secret CIA and State Department cables and reports, shown to my associate Dale Van Atta, give details on the Astrakhan pipeline.

One secret CIA report said the project has been "on a fast track" lately, and noted that "although [it is] intended primarily to meet domestic gas requirements, the Astrakhan fields could help to maintain Soviet gas exports to both eastern and western Europe...." The report estimated the Astrakhan gas reserves at 6 trillion cubic meters, and said they could produce 3 billion cubic meters a year by 1985.

Negotiations for western equipment began in 1977 and "proceeded in desultory fashion," the CIA reported, but "have greatly picked up since the summer of 1982, when Moscow stationed a negotiating team in Cologne."

According to the CIA, the Soviets want to wrap up all the pipeline contracts by the end of this year. "Such a pace would be unprecedented, but Moscow clearly is moving rapidly," the CIA reported.

In a pitiful, hand-wringing cable

to our embassies in London, Ottawa, Paris, Bonn and Moscow last November, Secretary of State George P. Shultz expressed the administration's concern—and impotence—regarding the Astrakhan project.

"In particular," he cabled, "we are distressed that the Soviet Union may be successful in playing off western governments and suppliers with the aim of achieving the most favorable possible credit terms—terms which may undermine [a new] consensus arrangement on minimum interest rates, as well as violate the spirit of cooperation on East-West economic relations agreed to [last year]."

In other words, Shultz, the former international business executive, was upset because the Kremlin was bargaining shrewdly.

The administration's whimpers were to no avail. On Dec. 17 the Paris embassy cabled that a French company signed a 2.7-billion-franc contract to build a desulfurization plant for the Astrakhan project. On Dec. 27, the Moscow embassy reported that the West German firm of Mannesman "has, or will probably soon get, the contract for the gas-gathering system."

And the Ottawa embassy reported that, for some strange reason, the Canadians were blaming the United States for their loss of the contract to the West Germans.